

Shakeup in the server market

Announcing innovative server products and services

Businesses that want to stay competitive seek innovative, cost-conscious technology that offers advantages over their competition. Compaq offered the best of both when it announced in October two new PC server families. The COMPAQ ProSignia is one of the most affordable in the industry, starting below \$2,700 (US SLP), and the COMPAQ SYSTEMPRO/XL is the world's fastest. Compaq also announced new industry-leading service offerings for PC server customers, including a standard three-year on-site limited warranty, free round-the-clock phone support for the new PC server hardware products, fee-based 24-hour network operating system phone support, and other service options for COMPAQ-based networks. In addition, Compaq introduced the COMPAQ ProLiant external storage system with a capacity of 7.35 gigabytes (7.35 billion bytes), which allows for more than 29 gigabytes of disk storage on a single PC server (29 billion bytes in up to four COMPAQ ProLiant systems).

"The COMPAQ ProSignia and

SYSTEMPRO/XL will shake up the server marketplace just as we shook up the desktop and notebook markets in June," said Eckhard Pfeiffer, CEO. The COMPAQ

ProSignia and COMPAQ SYSTEMPRO/XL deliver outstanding performance thanks to innovative subsystems like a Fast-SCSI-2 drive controller and advanced TriFlex

System Architecture. Moreover, they are the only products in their price class to deliver standard server management functions, including the ability to prevent or quickly respond to PC server problems.

"These PC server products deliver the best price/performance at both the mainstream and high ends of the server spectrum. We're delivering performance, advanced PC server management features, upgradability and a variety of server-oriented Compaq support at aggressive prices and this all adds up to a value that customers won't find from the competition," Pfeiffer added.

The COMPAQ ProSignia represents an entirely new class of affordable PC servers that far outpaces the competition. The COMPAQ ProSignia is both blazingly fast and astoundingly inexpensive; it is an ideal file server. For example, the COMPAQ ProSignia 486/33 is more than 64 percent faster and at least \$2,200 (US) less than the 486/50-based Dell PC servers. Moreover, the COMPAQ ProSignia 486/33 is at least \$1,200 (US) less than the

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The COMPAQ SYSTEMPRO/XL and the COMPAQ ProSignia.

An interview with David Black

Peripherals Division scores bull's-eye with new laser printers

(This is the fifth in a series of interviews on the company's business strategies and new organization. If you have any comments, suggestions or questions, please send them to the Inside & Out Suggestion Box on the Banyan network under "suggestion" in Bmail or to mailcode 040516.)

David Black, 41, heads the new Peripherals Division, with 156 employees. He was instrumental in putting together plans for the company's entry into the laser printer business. As vice president and general manager, he oversees the division's product development, operations, technology development and marketing.

Black joined Compaq in 1985 as vice president of engineering for Compaq Telecommunications Corporation in Dallas. From September 1987 until January 1990, he served as Compaq's director of product development, responsible for all new COMPAQ desktop and portable personal computers, including the company's first four laptop and notebook products.

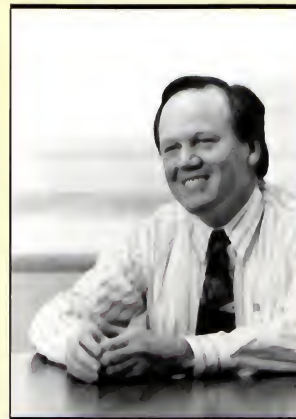
Prior to Compaq, Black held various engineering and management positions at Texas Instruments, during which time he was granted seven patents pertaining to advanced disk storage products. He has a B.S.E.E. degree from the University of Texas at Arlington and a M.S.E.E. degree from Southern Methodist University. A

native of Jacksboro, Texas, Black has a decidedly southern, easy-going manner. He enjoys spending his time off with his three young daughters and wife, Dianne.

Q. What's been the market reaction

Q. So, orders are good?

A. Our orders are very good — about where we expected. And to date, every order has been filled. We wanted to be sure, especially after the shortages of our new PCs,



to the COMPAQ Pagemark Laser Printers?

A. We really did our homework on these products and we expected the reaction to be good. But, from around the world, it has surpassed anything we ever thought possible.

We've received this great response from our customers, the industry, consultants and people in the press who really know something about printers. Take Rob Auster, the No. 1 consultant in the world on printers. He gave a long, glowing review of our network laser printers and said, "This is the first time that Hewlett Packard has been out-jumped in the printer business."

that supply would not be a problem. We figured the worst that might happen is we'd have too many printers early on, and we might have to bleed off the excess over a three or four month period. So far, the build plan and sales are running at levels we anticipated.

Q. We have enough parts, right?

A. Yes, we have plenty of parts and we're not expecting orders to go unfilled.

Q. Why have we gone into the printer business? Isn't the field awfully crowded?

A. It's a huge business. Just the network segment alone in 1992 will be a \$3.5 billion business worldwide. The total printer business this year will be about

\$23 billion. In the dealer channel, it's the second largest source of revenue. Purely from that standpoint, if we could come up with printers that could complement our PC products, it made a lot of sense. But we had to know a lot more. We had to really understand the industry, all the competitors, the market trends, and whether or not we could deliver products that would give us a long-term presence in the market. An extensive amount of research and planning went into putting this new division together. It had to pass a lot of tests. The network printer segment is just our first target. By no means is it our last.

Q. So we're looking at standalone printers?

A. Yes, and color ones as well. I think it's safe to say that as the entire story unfolds, anybody that uses a computer and needs to print, will find a very attractive offering from Compaq.

Q. What's your primary goal for the division right now?

A. We want to be a clear and undisputed No. 2 in the printer business — in the segments we play in — by the end of 1994. At the moment, if you look at the industry, there is a clear and undisputed No. 1 — Hewlett Packard. After HP, there's a whole slew of third-tier companies, including a lot of Japanese manufacturers. With our present momentum and future

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Compaq UK Hosts Forum



Eckhard Pfeiffer was presented to His Royal Highness The Prince Edward in the Throne Room at St. James's Palace by Joe McNally, Managing Director and Vice President, Compaq Computer Limited, with his wife Ann.

William Knocker
Compaq U.K.

The successful Compaq Computer Limited IT Directors' Forum, held this summer in the UK, attracted close to 50 delegates from every sector of the British major account market. IT directors from finance, manufacturing, government and many service industry businesses attended the event.

The Forum provided an opportunity for customers to express their views, concerns and IT requirements from both a business and technology point of view. Hard-hitting question and answer sessions followed each of the presentations by Steve Malisewski, Director of Desktop Marketing; Rod Schrock, Director of PC Systems Marketing; and Eckhard Pfeiffer, CEO, who spoke on "Restructuring Compaq to meet customer needs." Each session was chaired by Roger Townsend, IT Director of Eagle Star Life Assurance Company Limited — one of our company's largest UK customers.

Concluding the event, a magnificent reception and dinner in St. James's Palace was held featuring a special guest — His Royal Highness The Prince Edward, third son of HM The Queen.

As well as rounding out the informative event in splendid style, the dinner for 160 guests and partners was also an opportunity to reinforce the company's role as a Founder Member of the Duke of Edinburgh's Award Charter for Business, of which HRH The Prince Edward is a trustee. Compaq shares this status with nine other companies in the UK, including Glaxo, Mars Confectionery, Philips Electronics, TNT Express and Rover Cars.

The Duke of Edinburgh's Award was established in 1956 to develop initiative, leadership and creativity among British youth. Until this year it had been focused primarily on schools. The Charter for Business initiative was set up this year to promote the program in industry, asking companies to encourage their young employees to participate in the various Award programs.

Noted with regret

Charlotte Petty died Aug. 29, 1992. She was hired in February 1989 and worked as a Manufacturing Process Specialist in CCM3. Her husband, Harlan, also works for Compaq.

A sewing machine from Compaq?

This newspaper ad from a Houston publication was sent to *Inside & Out* by a reader asking, "Is this part of the new Peripheral Division?"

The seller says she's had many calls for the sewing machine, but none thinking it was really a Compaq. "I knew you were lowering prices, but not that low," she laughed. "As if Compaq didn't have enough going on already, now you're into sewing machines!" Obviously, the

1042 SEWING MACHINES	
COMPAQ Portable Zig Zag	
sewing machine, 526-2005.	
\$50.....	526-2005.
MELCO EMBROIDERY SYSTEM, EM1 Sewing machine,	
digitizer, Epcor & programs.	
\$12,555.	376-2032.

seller meant that the machine was "compact" not a "Compaq."

David Black interview

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announcements, I think we're well on our way to capturing the No. 2 position in the near-term.

Q. HP isn't going to sit still and let us gobble up the network printer market, is it?

A. No, and Compaq has never faced a competitor like Hewlett Packard. Unlike IBM, the people at HP don't make mistakes and they're extremely agile, despite the size of the company. That's why they've been able to maintain a huge market share even with an onslaught of competition. You really have to take your hat off to an organization like that.

Q. Who will be selling the printers?

A. Our network laser printers are high-end products. We'll sell them through our traditional resellers as well as VARS, systems integrators and distributors like Merisel and Tech Data. We don't plan to sell these first two products through superstores. Though they're easy to install and use, they're still highly sophisticated products.

Q. How does our marketing approach for printers differ from that of PC's?

A. I think the ads, in tone, will be similar to the ads that you see for our PC and systems products. But since we're not well known for printers, we have some unique marketing programs, some of which I think the other divisions will pick up.

Q. Such as?

A. Such as our Seed Unit program. We went out a month or two before the announcement and put units into strategic accounts so that we could make sure that we had orders on the day of announcement. It worked well and we're continuing the program. Our printers are not the kind of product you see in an ad and run down to the store and buy one. Customers want to evaluate them for a time, so we've created a program for them. The results are usually positive.

Q. Any other new marketing approaches?

A. Yes, out in the field we continue to use our existing sales organization worldwide. But now we have dedicated printer specialists in all of the regions. These people are our swat team. If, during a sales situation, talks become too intense or real expertise is needed, then one of our printer specialists comes in to really nail down the account. Everyone in the division is on call. I've made several account calls myself, worldwide, and will continue to do so.

Q. We've clearly come out with printers that are anything but "me too" products. What two or three key features make them special?

A. One is their ability to determine the appropriate language for each incoming job and automatically switch to PostScript Level 2 or PCL5. In a network environment, that's highly critical and something that no other manufacturer has been able to solve technically.

The fax option on these products is also receiving rave reviews. The COMPAQ PAGEMARQ printers can be used to send and receive faxes with any

other fax machine in the world. And if you're sending files to another COMPAQ PAGEMARQ printer, we transmit the actual PostScript file so that the quality and resolution of the document that's received is identical to the original.

Q. From a technology standpoint, how far are we ahead of our competitors?

A. That depends on the feature. You may see some features in competing products in six months or so. Others, I think, will take two or three years to catch up. This is unlike the personal computer business where you can go out and buy all the bits and pieces. The bits and pieces don't exist. We've been developing them for three years. We're going to hang on to these differentiators for the long term and continually raise the bar. If our competitors are planning on taking a day off, they better reconsider.

Q. One of the few criticisms about the product is that it doesn't offer duplexing — the ability to print on both sides of a piece of paper. Why didn't we add this feature?

A. We studied this issue carefully. What we found is that most companies rely on large scale copiers — with finishing options like collators and staplers — to prepare big reports and presentations. We decided not to burden the cost, size or weight of our products with duplexing. Down the road we may offer it when more finishing features are added to our printers.

Q. Xerox makes the motors and other mechanical parts of our printers. Since we're a technology company, couldn't we have built the printers at Compaq facilities rather than in Los Angeles? Why give the jobs to others?

A. Printers are incredibly complicated products, particularly from a mechanical standpoint. We have never had this level of complexity in any COMPAQ products before. That's why we decided to team up with Xerox. What separates reliable, successful printers from losers is the experience of the person assembling the engine and other mechanical parts. There's still a lot of "black magic" and art involved. When it comes to Xerox, they've got more experience than anybody. They've spent over two decades building printers and we're taking full advantage of that. It's only because we've combined the best of Compaq and the best of Xerox that we're able to deliver these remarkable machines.

I might add that our manufacturing associates in Houston are building the controller and option boards for the printers.

Q. What's the outlook for the Peripherals Division this year?

A. I think the outlook is extremely positive. Our priorities for the foreseeable future will be to add to our network printer offerings and then bring to market a number of products in the standalone and color segments. Once we're well on the way to accomplishing these goals, we'll consider venturing beyond printers into areas such as scanners and facsimile devices. All in all, the Peripherals Division is off to a great start. We've got a terrific team, exciting products and a very bright and busy future.

Compaq employees – working to protect the environment

Compaq believes that to be a success in business – and a good corporate citizen – companies must work to protect the environment. To do that, the company is always adding or upgrading its procedures and programs to ensure we operate in an environmentally sound manner.

Compaq wants to go beyond regulatory requirements in its environmental programs. The company counts on the teamwork of all employees to continue to look for ways to integrate sound environmental practices into our products and procedures.

The following is an update on the company's environmental programs.

Chlorofluorocarbons (CFCs)

In 1989, Compaq announced it was committed to reducing CFC emissions by 50 percent by the end of 1993 and total elimination of CFC emissions from manufacturing operations by the end of 1995. Due to the development of No Clean Flux (NCF) by Compaq engineers, this timetable has been accelerated. Our target for worldwide elimination of CFC use is now January 1993.

"Elimination of CFC emissions is top priority for Compaq. We plan to be 100 percent CFC free by the end of the year and we are going to meet that goal," says Bill Ramsey, Vice President, North American Operations.

Compaq eliminated CFC blown packaging materials for products in the United States in December 1990 and eliminated CFC blown packaging worldwide in March 1991.

The company's chiller systems (for air conditioning) have been upgraded with the most advanced air purging systems available. This system virtually eliminates refrigerant (CFC) loss. A CFC

recovery system is used to recover and recycle the refrigerant.

Energy efficiency

Buildings – Compaq buildings worldwide are designed and operated to minimize energy use. Employees can play an important part in saving energy – and money. Turning off lights and equipment when not in use can make a difference. Check the bulletin boards on the main campus in Houston for our progress in saving energy.

Products – Compaq continually seeks energy efficiency gains in new products. The COMPAQ LTE Lite/20, COMPAQ LTE Lite/25 and the COMPAQ LTE Lite/25c meet the Environmental Protection Agency's "Energy Star Computers Program" standard by using advanced power management.

Packaging

Packaging for COMPAQ products are developed with the objective of minimizing the impact on the environment. Design considerations include material selection, material reduction, material reuse and recycled material content. All corrugated materials contain a minimum of 35 percent recycled material. The goal is to eliminate the use of non-recyclable materials in our packaging.

Recycling

Office and Manufacturing – Compaq strives to recycle waste as much as possible. Programs vary at our locations worldwide. Recycling programs include paper, cardboard, telephone books,

drink cans, scrap metal, packaging materials, office supplies, etc. Production chemicals, off-specification printed circuit boards, monitors, batteries, component trays and packaging materials are recycled whenever possible in our manufacturing facilities.

Proceeds from the drink can recycling program are donated to local charities.

Due to the success of the various recycling programs, the trash-to-energy program – where trash

is burned to create energy to cool Compaq Houston buildings – can only be operated periodically. Because we are recycling so much of our waste, there is not enough trash to burn to continually operate the system.

Products – Early this year Compaq introduced the first nationwide battery recycling program in the U.S. The same program was introduced in Canada in March 1992. The United Kingdom, Germany and France initiated similar programs in June 1992. The program will soon expand to the rest of Europe and Asia.

Compaq Germany recycles packaging used to transport products (pallets and shrink wrap). In January 1993, the subsidiary will initiate a recycling program for computer boxes and foam cushions. In August 1993, the German subsidiary will initiate a recycling program for computer hardware.

Suppliers and vendors

Compaq actively works with suppliers and vendors to resolve environmental issues. In July 1992, Compaq

initiated a review of suppliers' and vendors' environmental practices pertaining to CFCs and packaging.

Compaq has implemented a comprehensive waste disposal and recycling vendor review process. This process includes on-site reviews and audits of commercial waste treatment, storage, disposal and recycling facilities before contracting with them.

Waste reduction

Reducing waste has always been a point of focus in manufacturing operations worldwide, and is now being focused on in administration operations. The Purchasing Department has developed a paperless order system that saves several pages of paper for each transaction, such as purchase orders, non-production requisitions and change orders. With over 90,000 transactions a year, the potential paper saved is over 4,000 pounds per year.

"The environment belongs to each of us and we must take responsibility to protect it. The Purchasing Department contributes as a natural part of good business practices. We reduced the volume of paper we consume in two ways. Over 60% of our purchase orders are transmitted electronically. In addition, we have eliminated a large number of regular reports through the TQC process and have saved thousands of sheets of paper," explains Roy Ogburn, Corporate Director of Purchasing.

The Facilities Department has developed a paperless work request system. In Houston, the Facilities team receives over 17,000 work requests each year. Prior to the electronic system, each request generated nine pages of paper – approximately 2,000 pounds per year.

BAQ on the road



The Compaq New England team recently hit the road for the "Toner Tour of 1992" as they introduced the new COMPAQ PAGEMARK printers in three cities in a few days. The team took a break to pose for this photo in front of a Rochester, New York billboard touting our new desktops. Pictured are: Peter Poulin, ASM, Boston; Janet Brazel, RAM, Northeast Region; Katie Kearney, Administrator, Boston; Peter Teban, Account Manager, Boston; Howard Weinberg, Account Manager, Boston; Nancy Burke, Systems Engineer, Boston; and Walt McGhee, Account Manager, Boston.

Two new additions to CompaqCare Compaq unveils RemotePAQ

Boosting its leadership position in service and support Compaq recently launched RemotePAQ – a new Compaq-designed software program that allows Houston-based technical support engineers to dial up COMPAQ computers at customer sites anywhere in North America to remotely trouble-shoot hardware and software configurations.

For the first time, the new RemotePAQ software program brings mainframe-style trouble shooting technology to the PC marketplace. The software is included with all COMPAQ PCs and PC Systems and the service is free through the Compaq Customer Support Center. Compaq is the only manufacturer to offer a remote communications program (available in North America) free of charge with every PC it manufactures.

"Most computer companies today tend to overpromise and underdeliver when it comes to service and support," said Gus Kolias, Vice President, Customer Service. "Not so with Compaq. Our goal is to provide the highest quality support and even then exceed expectations, with programs such as RemotePAQ. RemotePAQ will especially appeal to

customers who may not be very technical. We plan to continue to differentiate support offerings and expect them to have a positive impact as we move into the retail channel," Kolias added.

Easy as 1-2-3

To use RemotePAQ, customers simply boot their diagnostic diskette and select "Prepare the System for Compaq Service Call" from the main menu. Compaq then links directly with the PC via modem to remotely run diagnostics programs, electronically retrieve files or transfer files.

For example, if a customer in Alaska was experiencing a problem, the Compaq technical support engineer, using RemotePAQ, could quickly identify the problem and recommend a solution. If the customer needed a revised or new software patch or driver, RemotePAQ could automatically transfer the appropriate file within seconds, as opposed to 24 hours – the time it would normally take to send the file via overnight mail. RemotePAQ also enables Compaq to access and diagnose configuration problems with various software programs.

Compaq Eastern Europe holds first reseller conference

Louise Rowland
Compaq Eastern Europe

Skopje, Warsaw, Gyor, Ljubljana, Budapest, Katowice, Brno — the collection of car registration plates outside the hotel said it all. When the first Compaq Eastern Europe Authorized Reseller Conference took place this summer in lower Bavaria, more than 80 resellers from all over the region made the trip to Germany to attend.

The three-day conference was held in Grafenau, a small village close to the border of Czechoslovakia. With its rolling landscape and its relaxed atmosphere, Grafenau proved the ideal venue for an event where the emphasis was as much on fun and getting to know each other as on more weighty business matters.

With the launch of a host of new products in June and the company's growth in Eastern Europe (300 percent in the first half of 1992), the meeting was an opportunity to clarify marketing strategy and directions for the rest of the year.

As with the entire Compaq Eastern Europe team, the meeting was also attended by three speakers from the



Resellers and members of the Compaq Eastern European team tested their mountain biking skills during the conference.

company's European headquarters — Walter Puschner, Manager, PC Product Marketing; Jan Larsen, Manager, Systems Marketing; and Nick Charles, Major Accounts. One day of the conference was devoted to sales and marketing training seminars on the new product lines.

Between business sessions, there was also time to hone everyone's competitive instincts in less formal ways. An afternoon's Olympiad in the nearby Alpine village of Bodenmais tested skills from mountain hiking to tennis to bob-sledding.

The successful three days were ended with a farewell dinner, complete with a door prize and a cake celebrating Compaq's first decade of business.

"I'm sure everyone found it a very valuable and enjoyable few days," says Zelimir Ilic, Vice President, Europe, and Managing Director, Eastern Europe. "For many people, it was a chance to put faces to names for the first time, for others the opportunity to strengthen relationships already made. The fact that orders rocketed within a week of the conference proves our resellers agreed. All in all, it was another successful first for Compaq Eastern Europe!"

Compaq continues our commitment to customers with CSO

Few really minded the heat as Compaq employees stood outside the entrance of CCM1 and 2 on the Houston campus on a steamy summer day. They came out Aug. 28 to commemorate another milestone in Compaq history. Compaq employees gathered to watch the ceremonial ribbon cutting that marked the official opening of the Compaq Customer Service Organization. Cutting the ribbon opened the way for the open house tour.

CSO first opened in 1983. Starting with only five employees at the Perry Road location, the operation expanded and moved to the Brookhollow location and then Sommermeyer before finally settling on the main campus in Houston. Now, almost 400 strong, CSO is prepared to make new history in its attempt to become the model service center.

Some employees in attendance remembered the early days. As they

watched Greg Petsch, Vice President of Manufacturing, and Jimmy Chandler, Vice President, Customer Service Operations, cut the large yellow ribbon draped across the entrance, they traded stories with the "youngsters" of how it used to be. One fact that has not changed — Compaq is still committed to providing the best possible service to its customers.

"The vision of Customer Service Operations is to ensure customer satisfaction by providing quality parts and service in a timely and cost effective manner," said Chandler.

Who are CSO's customers?

CSO supports service requests throughout the United States, Latin America, Bermuda, Canada, Asia/Pacific Region and Japan. Customers range from Authorized Resellers, third party maintainers, self maintainers, manufacturing and Stirling,

Scotland — the repair center that supports Europe, Australia and New Zealand.

CSO "products" are repair services, spare parts or kits and information. Spare kits provide upgrade capability as well as on-site replacement of faulty parts.

Information loop

CSO works with organizations throughout the company. It works closely with Customer Service Administration which provides information regarding customer orders, customer support, forecasting, marketing and pricing. CSO also works with several engineering groups that furnish information on new and existing products. CSO supplies feedback regarding the performance and serviceability of COMPAQ products. To prepare for new product readiness, CSO also works with engineering groups to ensure that employees have the information, training and equip-

ment necessary to process the new products.

CSO organization

To make CSO operate effectively, the organization is divided into several functions. Information processing, business development, OEM and service kits, PCA, RMA and refurb, facilities, human resources, training and development, accounting, and information management are all part of the organization. CCM1 covers a range of groups from process engineering to finished goods. CCM2 covers areas from training and development to service kits. CSO offers over 1,500 different parts and kits, receives over 25,000 pieces per month, and ships over 45,000 pieces per month.

The continuing goal of CSO is reduce response time to a request for service — thereby increasing the levels of customer satisfaction.

Compaq increases customer opportunity with new retail outlets

Compaq has made it more convenient to purchase notebook and desktop PCs by signing major distribution agreements with three of the nation's leading retailers — Circuit City, CompUSA and Office Depot, Inc.

Distributing through these retailers provides more options to purchase COMPAQ products along with those currently sold through two fast-growing national retail chains — Bizmart and Computer City.

Now customers who prefer to buy our products in a retail setting have greater access to Compaq quality and value. "Over the past several months, we have been setting the stage for a major push into the retail market, said Ross Cooley, Senior Vice President, North America. "Now we are raising the curtain.

"Our well-established brand name stands for quality, reliability, compatibility and, as witnessed in June, value and low prices. We have established CompaqCare — with its standard one-year, on-site warranty — as the most comprehensive customer service and support program in the industry. We are making significant investments to advertise Compaq's superior products and service in North America," Cooley added.

Compaq has moved carefully to add new retailers based on the overwhelming demand for all COMPAQ products.

"We anticipate that our product backlog will ease in the fourth quarter to the point where we can begin giving the green light to Circuit City, CompUSA and Office Depot locations," Cooley said.

Retailer background

These distribution agreements link Compaq with three computer retailers who are the largest in each of the three most dominant retail formats.

Circuit City is the nation's largest specialty retailer of brand-name consumer electronics and will be featuring COMPAQ ProLinea desktop and COMPAQ Contura notebooks in approximately 100 superstores.

Dallas-based CompUSA sells PCs, software and other computer-related products in a retail setting in 30 high volume locations in 20 major metropolitan markets from coast to coast.

Office Depot, based in Delray Beach, Florida, sells PC hardware and software, general office supplies and office fur-

niture through 269 office products superstores, including 263 location in 31 states and six Great Canadian Office Supplies Warehouses in Western Canada.

Product support

Compaq will offer support to retailers through a variety of marketing programs including training, tailored advertising, point of sale materials and access to a new customer referral program.

Other developments that have fueled Compaq's retail strategy include the availability of the COMPAQ Contura notebook and COMPAQ ProLinea desktop PCs, preconfigured for the retail customer with Microsoft DOS, Windows, PFS Windowworks and a pointing device.

"Why buy anything else"

A Compaq success story

Compaq often gets letters from satisfied customers, but sometimes the letters are so rewarding that all employees should have a chance to read them. The following is cause for a pat on the back for all!

According to Mr. Aureden, he will soon buy another COMPAQ computer. "I have faith in COMPAQ computers," he says. "And, with the new pricing, why buy anything else?"

Dear Compaq:

As I discussed with your customer service department, my office was on the 19th floor of the Meridian Bank Building when there was a severe fire in February of 1992. The fire started on the 22nd floor and burned out of control to the 32nd floor where a new sprinkler system in the COMCAST headquarters brought it under control. Three firemen lost their lives in the fire.

During the fire, firemen were on the 19th floor spraying water on the ceiling to keep the structure cool. After the fire, access to the building was limited for two weeks after which a few representatives from each floor were authorized to climb up and examine the damage and remove a limited number of items.

Our floor was wet and smelled of

mildew. I retrieved my COMPAQ portable computer, which was opened on my desk, and my diskettes. The inside of my computer had no water damage. The keyboard was wet. I took it apart and dried it with a hair dryer. I put it together, turned it on and low and behold it worked. I had it checked out at a service facility and nothing had to be replaced. It was the only computer on the entire 19th floor that was not scrapped and it has been my faithful partner ever since.

Today in attempting to delete some directories, I deleted the DOS command system. Upon attempting to correct the problem, I discovered that the systems diskettes had sustained water damage and I could not access the c: drive or reinstall the operating system.

Fortunately, the operating system has been reinstalled through on-line technical wizardry.

I appreciate your offer to replace the damaged diskettes. This reinforces my conviction that it pays to obtain quality products. Needless to say, the most telling testimonial was my COMPAQ computer's survival when all others failed.

Timothy Aureden
Advanced Planning Concepts
Philadelphia, PA.

Enhancements to desktop and notebook PCs offer more choices, more value

Now customers have even more choices when it comes to selecting products to suit their specific needs. Compaq announced in September a new, high-performance color notebook PC — the COMPAQ Contura 3/25c. The COMPAQ Contura 3/25C features a bright, nine-inch passive matrix color VGA display. It is powered by the Intel 25-MHz 386SL microprocessor, has Microsoft Windows 3.1 and MS-DOS 5 preinstalled.

Weighing only 6.7 pounds, the COMPAQ Contura 3/25c comes standard with a NiMH battery pack that provides three hours of battery life on a single charge. The COMPAQ Contura is available today in two models. Both models come standard with a 3.5-inch diskette drive and four megabytes of RAM, expandable to 12 MB. The model 84/w comes with an 84-megabyte hard drive. The model 120/w comes with a 120 MB hard drive.

The company also announced two additions to the COMPAQ ProLinea line of PCs — the COMPAQ ProLinea 4/50 and COMPAQ ProLinea 4/25s. The COMPAQ ProLinea 4/50 is based on Intel's 50-MHz 486DX2 microprocessor and comes standard with 4 megabytes of RAM. It comes in two models. Model 120 comes with a 120 MB hard drive. Model 240 comes with a 240 MB hard drive. The COMPAQ ProLinea 4/50 performs 35 percent faster than 33-MHz 486 processors.

The COMPAQ ProLinea 4/25s is based on Intel's 25-MHz 486SX microprocessor. It comes standard with 4 MB of RAM expandable to 32 MB. It is also

available in a Model 120 and Model 240. Additional models of both the Compaq ProLinea 4/50 and COMPAQ ProLinea 4/25s are available with preinstalled MS-DOS 5.0, Microsoft Windows 3.1, PFS, WindowsWorks, a COMPAQ mouse and a 5.25-inch diskette.

COMPAQ ProLinea enhancements include: new security features, choice of interlaced or non-interlaced video output, RAM expansion up to 32 MB on 486-based models; and 240 MB drive option for all models.

"Compaq rocked the industry by combining unmatched Compaq quality with extremely aggressive pricing, to create a new standard in affordable PCs," said Eckhard Pfeiffer, President and CEO. "Since then every indicator tells us that our strategy is working. Our second quarter financial results were strengthened by new product shipments.

Demand and shipments for all COMPAQ products remains at an all time high. Preliminary market share data shows unit market share gains, which we expect to continue as a result of our new product success.

And while most of our competitors have reacted to our June 15 announcement of our new products, many have only lowered prices on older products, or announced products with significantly fewer features and less functionality. More importantly, we are backing all of our products with one of the most comprehensive support programs available and we are not cutting back on this fundamental service," Pfeiffer added.

Working at the beach



Bruce Elk, Facilities, shapes Galveston sand into a surfside laptop.

Some people go to the beach in Galveston, Texas to get away from their work. Others combine work and fun by using the technology which makes it possible — portable PCs. Bruce Elk, design drafter, Facilities Operations, combines the two practices and make his work "out" of the beach.

Using water, tightly-packed sand, a

shovel, a putty knife and his own imagination, Elk turns the conventional sandcastle into a carefully constructed model of a COMPAQ laptop PC.

"It took me about three-and-a-half hours to do it," said Elk. The laptop is approximately 20 in. x 12 in. and was modeled after one in an advertising brochure he'd brought along for inspiration.

Printshop's penny saved is a penny earned

As employees look for ways make Compaq more competitive, functions which were previously vended out are now being done more efficiently and effectively within the company. An example of cost-saving measures are exhibited by the corporate printing services.

The "Printshop" offers a variety of services such as color copies, offset presses, high-speed duplicators and bindery capabilities. It uses these services to create business cards, letterheads, envelopes, flyers, sample brochures and training manuals. The Printshop provides these services for our corporate headquarters and the regional offices, as well as international subsidiaries. An example of the company-wide impact of the Printshop is seen during every product announcement. One of the Printshop's largest customer bases are the product teams responsible for spreading the word of new Compaq breakthroughs. The Printshop recently printed and delivered Compaq directory telephone books and yellow pages for Canada, Latin America, Europe, the Middle East, Africa, New Zealand, Denmark and Sweden.

Services and savings

The main location is on Louetta Crossing in Houston with three conveniently located satellite copy centers in CCA5, CCA10 and CCA12. They are open from 8:00 am through 5 pm. The following are examples of recent savings the Printshop has made by bringing printing

jobs inhouse.

- By printing the corporate letterhead in-house, the Printshop saved approximately \$13,000. Prices were reduced from \$33 per 1000 sheets of paper to \$20 per 1000 sheets.
- Legal documents printed within Compaq saved \$330,000. Costs dropped from 25 cents to 3 cents per copy.
- Benefits received a cost savings of \$159,250 by printing the new Employee Benefits guide inhouse.
- Compaq Travel Services saved 50 percent of the cost for printed airline ticket jackets.

Inhouse advantages

Using the printing facilities within Compaq offers several advantages — only one of which is the money saved from our reduced costs. In many cases, jobs printed inhouse are returned faster than with an outside vendor.

"By printing inhouse, the company also has greater control of material that may be considered sensitive or confidential," said Renee Leach, manager, office support services.

If the Printshop does not have the facilities to perform a specific printing task, they have developed business relationships with a variety of vendors that offer specialized services. For more information on printshop products and services, contact Phyllis Hoffschwelle on the main campus at 320-3123 or by Bmail at Phyllis.Hoffschwelle@Mail@Ops.Lou.

Compaq announces innovative server products and services

continued from page 1

486sx/33-based IBM PS/2 Model 85 PC server. Even fully-configured models of the COMPAQ ProSignia start at below \$4,500 (US) — a price that shatters the old idea of what high-performance PC servers should cost. Moreover, the COMPAQ ProSignia and COMPAQ SYSTEMPRO/XL feature integrated server management capabilities that help prevent server downtime and help assure rapid recovery from any incidents that do happen — even by remote control.

The COMPAQ SYSTEMPRO/XL is the world's fastest PC server, providing breakthrough performance with prices starting below \$14,000 (US SLP) — more power for less money than competitive products. For example, the COMPAQ SYSTEMPRO/XL is 89 percent faster than the IBM Model 95/XP — for about the same price.

Software, support and storage

Complementing the new PC servers is NetWare from Compaq, introduced earlier this year. This most popular network operating system is available from Compaq and includes INSIGHT Manager — an innovative Windows-based utility for over-the-network management of COMPAQ PC servers.

Wrapping around the optimized Compaq hardware/software combination is the most comprehensive customer support program, available for its two new PC servers and the external storage system: a free three-year on-site warranty and 24-hours-per-day, 7-days-per-week telephone support for hardware problems. Compaq also introduced two new service options under its Advanced Network Support Agreement, including: "7 x 24" Network Operating System Support, which enables users of multivendor networks to get round-the-clock, live phone assistance involving network operating systems (ranging from 5 incidents to one-year of unlimited assistance); and IncidentPAQ, through which Compaq resolves five network-related incidents during the work day. Also available is Per Incident, which allows customers (with no support agreement) to pay for the resolution to a single network-related incident during the work day.

The new COMPAQ ProLiant, an external storage system that holds up to 7.35 gigabytes of Fast-SCSI-2 drives, allows NetWare customers to easily swap out failed drives without shutting down the system. The COMPAQ ProLiant allows customers of the COMPAQ SYSTEMPRO/XL and the COMPAQ ProSignia to grow their networks to more than 29 gigabytes of disk storage with the use of four COMPAQ ProLiant storage systems. This optional storage system is also supported on the COMPAQ DESKPRO/M, COMPAQ SYSTEMPRO/IT and COMPAQ SYSTEMPRO.

COMPAQ ProSignia

The COMPAQ ProSignia offers the best value in the market today. This new PC server delivers high-powered processing, extraordinary input/output (I/O) performance, and unique server management features to help reduce PC server downtime. In addition, the processor

chip is easily upgradable by removing the processor chip (currently a 33-MHz Intel 486) and replacing it with an Intel OverDrive Processor (such as the 486DX2/66-MHz) or other advanced OverDrive processors yet to be introduced.

Compaq is the first in the industry to offer comprehensive server management as a standard feature of an affordable PC system. The array of PC server management capabilities for both the COMPAQ ProSignia and COMPAQ SYSTEMPRO/XL simplifies the support of growing PC networks, helps ensure data is secure and minimizes expensive PC server downtime. For setup and problem assistance, all COMPAQ PC servers are backed by Compaq's highly-skilled technical support personnel as well as on-site warranty service.

Choosing the right controller

Compaq's new 32-bit Fast-SCSI-2 controller is integrated on the system board of the COMPAQ ProSignia and pre-installed on SCSI models of the COMPAQ SYSTEMPRO/XL, which allows data to travel twice as fast as older SCSI implementations. The Fast-SCSI-2 controller is also available as an EISA board.

All disk-configured models of the COMPAQ SYSTEMPRO/XL and COMPAQ ProSignia lines include the new 32-bit NetFlex controller pre-installed. The card comes standard with Ethernet support but may be modified by an optional snap-in module for Token Ring thanks to the flexibility of the Texas Instruments SuperEagle chip.

COMPAQ SYSTEMPRO/XL

For customers running demanding business critical applications such as database management and large-scale file servers, the COMPAQ SYSTEMPRO/XL PC servers offer an unprecedented combination of exceptional performance and simple server manageability.

When fueled by up to two 50-MHz Intel 486 processors the COMPAQ SYSTEMPRO/XL delivers blazingly fast speed — up to 185 transactions per second (TPS). The COMPAQ SYSTEMPRO/XL is the first PC server to break the \$1,000 (US) per TPS barrier and to achieve a world record performance of less than \$800 (US) per TPS.

The innovative COMPAQ TriFlex Architecture in the COMPAQ SYSTEMPRO/XL optimizes three critical PC server subsystems — I/O, processor and memory — into three separate high-bandwidth buses, delivering explosive application and file server performance. The TriFlex DataFlow Manager allows I/O devices and system processors to simultaneously access memory more than 70 percent of the time.

The COMPAQ SYSTEMPRO/XL extends the innovative COMPAQ INSIGHT Management's current capabilities with new hardware and software management features. One of these unique features is Advanced Error Correction Code (ECC) Memory, which corrects memory failures using cost-effective, industry-standard Single In-Line Memory Modules (SIMMs), allowing PC server operation to continue even if an entire DRAM module fails.

Take me out to the ball game!



Michel Vollmar debuts her pitching arm for Compaq night at the Astrodome.

Astros baseball game in August. While the honorary first pitch of a national baseball team is usually reserved for vice presidents and fast-ball experts, this time the crowd waited for the performance of another ace.

Michel Vollmar, secretary within the Systems Support Group and Association of Compaq Employees (ACE) volunteer, stood on the mound where many baseball greats have gone before her. Vollmar was selected out of many contest applicants to throw the first pitch in the Compaq-sponsored Astros' night at the Houston Astrodome.

"I was so nervous," Vollmar said. "When they brought me the ball, they had to tell me jokes to get me to relax and smile for the cameras."

Peanuts! Popcorn! Crackerjacks! That vendor's cry, mingled with the roar of thousands of Houston Astros baseball fans set the stage for a typical summer game. The players were lined up. The national anthem was sung. All that remained was for the first pitch to start the Houston

Vollmar pushed aside her nervousness long enough to take the baseball, wind-up, and pitch the ball to the waiting catcher. In front of a crowd of thousands and her biggest fan, her picture-taking father, Vollmar let fly the first pitch.

Batter up!

Compaq Australia lends a helping hand

People around the world are horrified as they hear or read news bulletins on the suffering in war-torn, drought-stricken Somalia, Africa. Compaq Australia has answered CARE Australia's pleas for help in their campaign to ease the suffering by providing emergency relief to more than 1.5 million people in Somalia and 350,000 refugees on the Kenya-Somalia border.

To assist the campaign, Compaq has loaned CARE Australia five computers — three COMPAQ DESKPRO/M and two COMPAQ ProLinea PCs installed with 3Com Etherlink 2 cards. The network will help the charitable organization handle the increased workload since their Somali aid campaign kicked off in August. The network was up and running just four days after the initial request from CARE.

CARE Australia is the only Australian non-government organization operating in Mogadishu, Somalia, and is distributing aid on behalf of the United Nations

World Food Program and the Red Cross.

According to Peter Robinson, Systems Administrator for CARE Australia, the response from the Australian public was so overwhelming, resources — including the existing computer network — were stretched to the limit.

"Nobody predicted the desperate situation in Somalia or the sustained response from the Australian public," he explains. "Responding to the inquiries and pledges of donations has caused a major bottleneck in our system. We use Microsoft Word for Windows and Excel to perform tasks such as faxes, letters, reports, projects, proposals and budgets. We also use the COMPAQ PCs for database work. Without the prompt support of Compaq, we wouldn't have coped with the greatly increased workload."

For further information on the Somali relief effort in Australia, call 008-020-046. In the United States, call 212-686-3110.

High-tech distribution

Merry-Go-Round Enterprises deploys PC networks to speed fashions to market

Some companies make growth and success look easy. Merry-Go-Round Enterprises, Inc., a national specialty retailer that sells stylish fashions to teenagers and young adults, is one of them.

Founded just 22 years ago with one store, the Joppa, Maryland-based company today operates nearly 1,000 clothing stores in 38 states. The retail locations, mainly in shopping malls, include Merry-Go-Round, Dejaiz, Attivo, Silvermans, Club International, Cignal, T. Edwards, Boogies Diner and N•E•T Works.

Merry-Go-Round Enterprises is regarded in the fashion industry as a trend-maker. Its stores — carrying labels like

one million square feet of floor space, is both massive and high tech. COMPAQ DESKPRO/M PCs are scattered throughout. Almost every process, from sorting to storing to shipping, is automated.

Merry-Go-Round Enterprises' management believes that the most cost-effective way to supply its stores is from one central location. As the company has grown, so has its need for warehousing capacity. The latest expansion, a \$25 million, 450,000 foot addition, is just now being completed. Within the next three years, some 8 million clothing items will be warehoused on any given day in Joppa.

Because clothing is a lot like food —

inals carried by workers in the center. These terminals read barcodes, which are placed on every tote, trolley and shipment box at the Distribution Center. When a material handler is finished with a task — perhaps he or she put price tags on some garments — the hand-held terminal is waved over the appropriate barcode to let the system know a particular job is complete. The goods are then moved by the conveyor system to their next scheduled destination.

The COMPAQ-based solution was chosen over a minicomputer inventory management system because it proved to be faster, more accurate and more cost-effective, according to Naff. "With the minicomputer system, our people had to constantly walk over to a terminal and key in what they had just done," he says. "Now, with this new system, they just scan a barcode and the PCs take it from there."

A wide range of help

The PCs basically perform six primary tasks using software written by company programmers and Equinox. These tasks include:

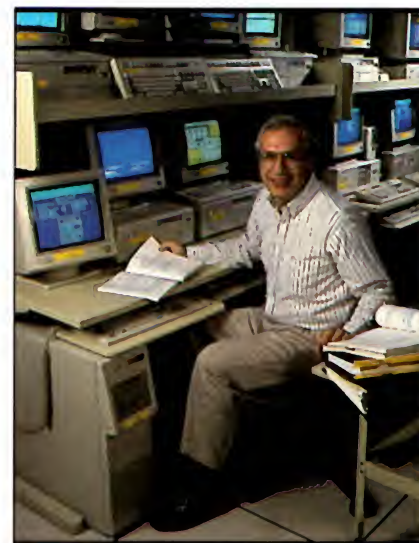
- **Managing processes.** The PCs manage the flow of clothing throughout the warehouse. When a shipment first arrives, employees manually sort the clothing for styles and sizes and then put it on the conveyance devices. After that, the automated systems, all monitored and, in many cases, controlled by the COMPAQ PCs, take over. Automated machines, for example, sort apparel for individual stores. Other automated equipment routes boxes at rates up to 3,800 per hour to 27 separate freight docks. The PCs print out trucking manifests and bills of lading and upload the information to a mainframe, which in turn alerts the stores via shipping notices.

- **Locating product.** At any given moment, the PCs can be queried to find the precise location of any product within the Distribution Center.



Terry Haley, Warehouse Packing Manager, scans the final barcode on a "train" of totes in order to send a load of shirts to their next destination. The COMPAQ DESKPRO 486/33M PC near her manages this segment of the conveyor system and can tell Haley her next assignment.

- **Directing work.** Handlers look at the computer screens to find out their next assignment. The PCs are linked to an IBM AS400 computer used by merchandisers in Joppa to determine what clothes and quantities should be shipped to



Computer Operator Alan Neutzel works in the Computer Room, filled with COMPAQ PCs. He helps ensure that the PC networks in the center run smoothly.

which stores. The merchandisers assign the priorities. At the operational level, if a pallet of stone-washed jeans is ready for processing, the computer will alert the next handler that the goods are available and how they should be prepared for storage or shipment.

- **Routing containers, controlling equipment.** The PCs run the entire conveyor system, turning on and off, as needed, some 500 motors that control segments of the system. About 18 of the PCs are dedicated to this task.

- **Managing energy.** If a specific conveyor is not required to transport a product, a COMPAQ PC will basically tell the motors to "go to sleep" until needed. This also substantially reduces equipment wear and tear.

- **Preventing equipment failures.** Sensors are tied to every photo cell, scanner and motor in the Distribution Center. They report, through the PCs, the health of the conveyor system. In most cases, this advanced diagnostic feature will predict the imminent failure of a component. Another diagnostic feature tracks the amount of running hours for each component in the system and advises when to schedule preventative maintenance.

Building on success

As Merry-Go-Round Enterprises grows, it knows it must continue to be highly responsive to the fashion needs of its stores. "Time lost shipping a product is time lost selling a product," says Loberstein. "Our new PC-based management and control system is improving our already strong distribution methods. Our stylish clothing is getting to the selling floor with greater speed and accuracy."

Naff and Loberstein chose COMPAQ equipment for the new system because of its reliability and engineering excellence. "The COMPAQ SYSTEMPRO has to be the best file server on the market," says Naff. "Our servers, like our PCs, have performed flawlessly."

"During peak seasons, we process some \$6 to \$7 million worth of merchandise in the Distribution Center every day," he explains. "Even an hour or two of downtime adds up to some pretty large figures in lost revenue and productivity. Our PC networks have to deliver fault tolerant performance, and that's what Compaq gives us."



Chuck Naff, left, and Alan Loberstein stand amid acres of clothing at the Distribution Center. The totes next to them carry cotton sweaters and other goods to processing stations or automated storage areas. The two managers developed the PC-based merchandise tracking and handling system that enables Merry-Go-Round Enterprises to constantly supply its vast chain of stores with fresh clothing.

Girbaud, Guess, Cross Colours, IOU and Azia — often sizzle in locations where the competition flounders. In the past three years alone, the company has added 500 stores through expansion and acquisition. Sales hit \$761 million in fiscal 1992 and the company has aggressive plans to become a billion dollar business within the next two years.

How does Merry-Go-Round Enterprises maintain such momentum? A big reason stems from its desire and ability to respond to shoppers' whims more quickly than most retailers. If the point-of-sale system, which ties all stores to headquarters, shows that an item is selling poorly, the price is slashed to get it out of the stores fast.

COMPAQ computers, too, play a role in the company's success. They help operate the Distribution Center in Joppa, 17 miles north of Baltimore, that speeds fresh goods to the stores twice a week. The COMPAQ PCs, linked together in four local area networks, track and manage the movement of nearly 2 million articles of clothing in the cavernous warehouse.

"Without these PCs, and the applications running on them," says Chuck Naff, Project Manager, "our turnaround time of getting products out the door would be three times slower." The PCs, he adds, provide another bonus: "We almost never lose anything."

A state-of-the-art warehouse

Simply keeping up with the clothing inventory in the Distribution Center is a feat in itself. The towering facility, with nearly

it ages fast — most apparel stays at the Distribution Center for just 48 hours before it's trucked to the stores. Some items are held back to ensure ample availability where sales are strong.

Receiving, storing and shipping millions of fashion items for each season of the year requires a mind boggling amount of coordination. Knowing the location of any single item is a big part of the battle. The Distribution Center has 20 miles of conveyor belts handling 120,000 totes — black containers used to carry flat goods (folded shirts, pants, socks, etc.) to storage or processing areas. Then there are the miles of rails used to hold and transport hanging goods, such as dresses. Making these and scores of other storage elements work smoothly together in a rapidly growing environment is the job of the COMPAQ computers.

Pulling the system together

Naff, Alan Loberstein, Distribution Manager, and Michael T. Gaglia with Equinox, a process control integrator, have been responsible for pulling the PC-based system together. The basic hardware they use includes two COMPAQ SYSTEMPRO 486-based servers. Each has two gigabytes of disk capacity and runs Novell NetWare 3.11 operating system software. The servers are linked to 47 COMPAQ DESKPRO/M PCs, running both OS/2 and DOS, stationed throughout the center.

Other key hardware pieces include four COMPAQ DESKPRO 486/33M PCs, used to receive radio signals from 70 Norand RT 1000 hand-held radio term-

The power behind the glory

Wander into marinas throughout the world and you are certain to see them — Sunseeker offshore powerboats. They are sleek, sophisticated and very fast.

Sunseeker offshore powerboats, designed and built in Great Britain, are the ultimate in high-performance luxury. Designed for speed and equipped for every conceivable comfort, they out sell and outmaneuver their competition.

Computers figure prominently in Sunseeker's success. The company has led the marine industry in harnessing computer power to speed response to customers and dealers, reduce inventory, streamline ordering and invoicing procedures and provide valuable management information.

A COMPAQ SYSTEMPRO file server at each location holds all data and the application software. All the applications are integrated. A total of 25 COMPAQ PCs are attached to the network — 22 at the factory and three in the stores.

Michael White, computer systems manager, stresses the COMPAQ SYSTEMPRO was chosen for its speed and flexibility.

"We installed a multi-user system years ago. It ran the accounts and payroll, and kept stores and service records. But it was limited in what it could do. There was no capability for invoicing, for instance, so we had five people doing all the invoicing on typewriters. The system was also so slow that if we ran the payroll, we couldn't run another program. We'd lose a day. Then it would take another to catch up."

Something radical was required. Directors of the company wanted a totally integrated on-line system which would control all stages from receipt of order through to delivery and invoicing.

Sunseeker approached authorized Compaq reseller South Coast Computers of Wimborne, Dorset, for a spreadsheet package, Lotus 123. Sunseeker was impressed by South Coast's openness and its inherent level of skills, including consulting, applications development, network cabling and handling of staff training.

Soon South Coast supplied Sunseeker with a COMPAQ-based network which provided the foundation to build an integrated strategy.

Details of 2,500 boats

The larger LAN was installed in the factory summer 1990, followed by the smaller one for the stores at the beginning of 1991. The FoxPro database, running on the COMPAQ SYSTEMPRO file servers, hold the complete history of 2,500 boats built at the yard.

It also keeps the latest detailed specifications, countless optional extras of the 12 craft in the current range, generates the specification and build sequence which accompanies each new boat throughout its construction, and tracks the progress of all craft in manufacture at Poole.

"Because it holds complete details of all boats built and those under construction, the system gives us instant access to valuable management information. For example, we can analyze the warranty information to see if there are any recurring problems which can be rectified in design or production. We can also see

which are the most popular engines or colors. It all contributes to improving customer service," says White.

European Sunseeker dealers are being provided with a runtime copy of FoxPro, and a modem to give them access to the network.

"During the ordering stage, this allows them to look at each part of the specification with the customer. They can also check the progress of the boats in production, and input any changes if the customer wants them. It improves the response time to dealer, probably by half. It also means the customer immediately

flexible response to customer requirements characterize the company's operations. The 350-strong work force at three factories produces 400 boats a year, 95 percent of which are exported throughout the world. All the craft are built to individual specification. The company's goal is to lead the field in everything — whether it is bringing out new models ahead of the competition or introducing new manufacturing processes or technology.

As the competition at last year's Southampton Boat Show knows, the strategy works. Sunseeker stole the show, unveiling the new 60 foot 50mph Rene-

PCs. To counter this, White spent four weeks explaining the benefits of using the system, analyzing, revising and simplifying the procedures for ordering, handling and issuing parts:

"After a couple of weeks they found that, because the system's so quick, it was reducing task times by half, sometimes more. Now, they're coming up with their own ideas to make things better. As for quantifiable benefits, since the system automatically handles the ordering and re-ordering of parts based on sales input at the main factory, we were able to reduce our inventory by 50 percent within a quarter."

Looking ahead, Sunseeker plans to improve the stores' operation further by barcoding parts and establishing EDI links with suppliers, using Connect Net developed by South Coast's product development director Mark Chirnside. Sunseeker is a member of the British Marine Industry Federation's committee which plans to set bar-code and EDI standards for the industry.

"If we can get suppliers to bar-code parts and set up EDI links, we can speed up the purchasing process and further reduce the inventory. About 10 percent of our suppliers — the larger one such as Volvo, Electrolux and Alpine — could go on straight away because they already have EDI. Then we'd encourage the smaller ones to make the move. It's the way we're going, and they must think about the future."

Sunseeker is also thinking of using the power of the new COMPAQ DESKPRO 486/50L to run a CAD system on the network. It will be used to create images on the screen showing exactly how the interior of the boat will look. The customer can then make decisions before the boat hits the production line.

A year after the initial implementation, the COMPAQ-based PC network has given the company what it wanted — adaptability, flexibility for future expansion and above all the ability to respond rapidly to all events.

"As far as the performance and reliability of the network is concerned, there have been no problems. The COMPAQ equipment gives us the speed we need, and the COMPAQ SYSTEMPRO is superb. It's purpose-built for the job, so why go for anything else? Above all, the system supports our philosophy of giving the customer what he wants when he wants it," says White.



The new Sunseeker Superhawk 50

knows exactly what he's getting; if the changes he wants can be done; and the effect they will have on delivery. Eventually, we plan to establish EDI links with the dealers, so they can place orders electronically," White added.

The Tetra 2000 package, meanwhile, handles the accounting functions and raises detailed invoices, which can run to several pages at a time.

"After only two months running the order entry and invoicing module, we'd cut the number of people doing invoicing from five to two," said White.

The most advanced

Continuous innovation, meticulous attention to quality and speedy and

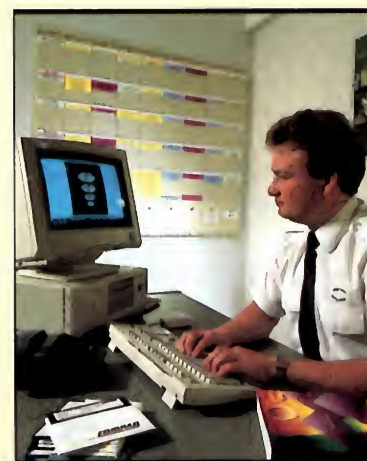
gated — the first product boat of its size ever fitted with turbine jet propulsion units.

Two days into the show, it glided effortlessly into the tight mooring at twilight, amid speculation that Sunseeker could not deliver.

The ability to blend traditional skills with the appropriate technologies has earned Sunseeker the reputation of having the most advanced boat production facilities in Europe. While the latest molding techniques are employed to fashion the deck molds and the deep V hull, all the finishing is done by hand.

Dramatic savings

Initially, personnel at the seven stores were apprehensive about working with



Michael White: "A superb system."

COMPAQ